



What is a “Waiver of Subrogation”?

2 Definitions:

1. The A waiver of subrogation clause is placed in the professional services contract to minimize lawsuits and claims among the parties. The result is that the risk of loss is agreed among the parties to lie with the insurers, and the cost of the insurance coverage is contractually allocated among the parties as they may agree. The risk, once assigned to the insurers by the parties, is determined to stop there, without allowing the insurer to seek redress from the party "at fault."
2. Endorsement to a property liability policy whereby an insurer gives up the right to take action against a third party for a loss suffered by an insured. Typically, under terms of the Subrogation Clause, the insurer, having paid an insured for a loss, takes over any rights possessed by the insured who has suffered the loss. For example, an insured, John Smith, is hit by another car while he is driving. His insurance company pays his claim and then may sue or attempt to recover damages from the other driver. In certain instances, the insured might want to get a waiver of subrogation rights from the insurer. For example, if a landlord assured a tenant that the tenant was not responsible for damage to the landlord's property, the landlord could make good on that promise only by getting the insurer to waive its subrogation rights. Otherwise, if the landlord's property was damaged by the tenant, the insurer would have to pay the claim and could then try to collect damages from the tenant.